

Message Text

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SUBJECT: BODOSSAKIS GROUP PLANS MAJOR EXPANSION OF NICKEL PRODUCTION

DEPT PASS EXIMBANK

REF: (A) 75 ATHENS A-146; (B) ATHENS A-17

1. LARCO HELLENIC MINING AND METALLURGICAL COMPANY OF LARYMNA S.A. (BODOSSAKIS GROUP) OBTAINED ON MARCH 3 GOVERNMENT APPROVAL TO INVEST 1.7 BILLION DRACHMAS (DOLS 50 MILLION) FOR THE IMPROVEMENT AND EXPANSION OF ITS NICKEL PROCESSING FACILITIES WHICH WOULD INCREASE NICKEL PRODUCTION CAPACITY FROM THE PRESENT 15,000 TONS TO 27,000 TONS OF NICKEL PER YEAR. THE COMPANY ESTIMATES ANNUAL EARNINGS FROM NICKEL EXPORTS TO INCREASE BY DOLS 70 MILLION TO DOLS 130 MILLION, OF WHICH APPROXIMATELY 20 PERCENT WOULD BE USED FOR IMPORTS OF EXPENDABLE GOODS, SPARE PARTS, ETC., AND THE REMAINING 80 PERCENT WOULD REPRESENT NET FOREIGN EXCHANGE PROFITS FOR THE COUNTRY. THE COMPANY'S LABOR FORCE WOULD GROW FROM THE 1,700 PRESENTLY EMPLOYED TO 2,000. THE PROJECT IS EXPECTED TO GENERATE ADDITIONAL TURNOVER FOR LOCAL SECONDARY INDUSTRIES ESTIMATED AT 600 MILLION DRACHMAS (DOLS 17 MILLION) ANNUALLY

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2. OF THE TOTAL INVESTMENT LARCO WILL FINANCE ABOUT 600 MILLION

DRACHMAS (DOLS 17 MILLION) FROM OWN FUNDS, WHILE ABOUT DOLS 34 MILLION WILL BE BORROWED ABROAD. LARCO OFFICIAL INFORMED THE EMBASSY THAT PURCHASES OF EQUIPMENT (SUCH AS DRILLS, SHOVELS, 150-TON TRUCKS) FROM THE U.S. ARE ESTIMATED AT ABOUT DOLS 10 MILLION. AMERICAN MANUFACTURERS HAVE BEEN CONTACTED DIRECTLY BY THE FIRM

3. THE PROJECT INVOLVES (A) PROCUREMENT OF NEW, HIGHER CAPACITY EQUIPMENT FOR ORE EXTRACTION, TRANSPORTATION, AND GRINDING TO BE USED FOR EXPANSION OF THE MINES AT EUBOEA AND LARYMNA, AND (B) INSTALLATION OF NEW BASIC UNITS FOR PYROMETALLURGIACL AND HYDROMETALLURGICAL PROCESSING OF THE ORE AT THE LARYMNA NICKEL PLANT. MORE SPECIFICALLY, THE PROJECT PROVIDES FOR: 1) DOUBLING ORE CRUSHING INSTALLATIONS AT THE EUBOEA MINES (1974 PRODUCTION OF THESE MINES WAS 1.7 MILLION TONS); 2) COMPLETION OF THE EQUIPPING OF UNDERGROUND OPERATION AT AGIOS IOANNIS, LARYMNA, MINES (1974 PRODUCTION OF THESE MINES WAS 300,000 TONS); 3) INSTALLATION OF A 6.10-METER DIAMETER, 125-METER LONG ROTARY KILN AT THE LARYMNA SMELTER; 4) INSTALLATION OF A 17-METER DIAMETER SUBMERGED ARC ELECTRIC FURNACE; 5) INSTALLATION OF NEW 400-TON CASTING CAPACITY CONVERTERS; 6) ESTABLISHMENT OF A NEW OXYGEN PRODUCING UNIT OF 3,000 TO 4,000 CUBIC METERS HORLY PRODUCTION CAPACITY; 7) INSTALLATION OF AN ADDITIONAL 90 MVA POWER TRANSFORMER; 8) INSTALLATION OF NEW SILOS AND CONVEYOR SYSTEM FOR RAW MATERIALS; 9) ESTABLISHMENT OF A NEW UNIT FOR PROCESSING (BY BRIQUETTING OR OTHERWISE) DUST EMITTED FROM FURNACES; 10) EXPANSION AND IMPROVEMENT OF WATER SUPPLY NETWORK; 11) INSTALLATION OF A NEW OVERHEAD CRANE AND SILO SYSTEM IN THE SEDIMENTATION RESERVOIR FOR GRANULATED SLAG; 12) ESTABLISHMENT OF NEW INSTALLATIONS TO TRANSPORT RAW MATERIALS AND FINISHED PRODUCTS; 13) ESTABLISHMENT OF A COMPLETE NEW UNIT FOR HYDROMETALLURGICAL OR PYROMETALLURGICAL PROCESSING OF POWDER FROM ROTARY KILNS TO PRODUCE PURE NICKEL. SPECIAL CARE WILL BE GIVEN TO ENVIRONMENTAL PROTECTION THROUGH DUST CONTROL, WATER PURIFICATION AND FIRE PREVENTION

4. LARCO PLANS TO COMPLETE THIS INVESTMENT IN THREE YEARS. UPON ITS COMPLETION, THE FIRM HAS PROGRAMMED A SECOND INVESTMENT (APPLICATION PENDING GOVERNMENT APPROVAL) AMOUNTING TO DOLS 170 MILLION TO DEVELOP A NICKEL METALLURGICAL CENTER AT POLITIKA, EUBOEA, WHICH WILL FURTHER INCREASE THE COMPANY'S ANNUAN NICKEL UNCLASSIFIED

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PRODUCTION BY 13,000 TONS TO A NEW TOTAL OF 40,000 TONS OFM NICKEL

5. GOG SPOKESMEN HAVE EXPRESSED THEIR ENTHUSIASM FOR THE PROJECT. MINISTER OF COORDINATION PAPALIGOURAS STRESSED AFTER THE SIGNING OF THE APPROVAL THAT THE MINERALS SECTOR IS A HIGH PRIORITY AREA FOR RAPID DEVELOPMENT, AND OBSERVED THAT THIS INVESTMENT HAD PARTICULAR SIGNIFICANCE DUE TO THE EUROPEAN COMMUNITY'S

DEPENDENCE ON IMPORTS FOR NICKEL SUPPLIES.
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